Minutes – Executive Policy Committee – June 18, 2024

Report – Standing Policy Committee on Property and Development – June 4, 2024

Item No. 2 Proposed Sale of 274 Amherst Street (St. James Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That Section 3.2.C.v of the Declaration as Surplus and Sale of Property Policy, be waived.

2. That, subject to approval of Recommendation 1, the sale of City-Owned property located at 274 Amherst Street, identified as "Subject City Property" shown in Misc. Plan 15745/2 (attached hereto as Schedule A) to Habitat for Humanity Manitoba for a purchase price of $1.00 be approved.

3. That, subject to Habitat for Humanity Manitoba granting the City an option to purchase its lot at 385 Pacific Avenue for $1.00, the City enter into, execute and deliver an Offer to Purchase with Habitat for Humanity and such other agreements deemed necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Property and Development – June 4, 2024

DECISION MAKING HISTORY:

Moved by Councillor Duncan,

That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 4, 2024, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Proposed Sale of 274 Amherst Street

Critical Path: Standing Policy Committee on Property and Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Pittet	H. Borys	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Habitat for Humanity Manitoba ("Habitat") is interested in acquiring the land shown as "Subject City Property" on Misc. Plan 15745/2 (attached hereto as Schedule A). Habitat plans to develop an affordable home for a family with accessibility needs. None of Habitat's existing inventory of lots is suitable for the family.

The Public Service recommends a direct sale for $1.00 to Habitat to ensure project affordability. The City acquired the Subject City Property for just under $23,000 through tax sale. The opportunity cost of the $1.00 sale is approximately $210,000. The sale will be contingent upon Habitat granting the City an option to purchase Habitat's lot at 385 Pacific Avenue for $1.00. The City and Manitoba Housing and Renewal Corporation own lots adjacent to 385 Pacific and all three lots could be leveraged to support increased density. Habitat has agreed to the option to purchase, should a multi-family housing opportunity arise. The opportunity cost to the City could be reduced by approximately $50,000 (to $160,000) should the City execute the offer to purchase 385 Pacific Avenue for $1.00.

The sale aligns with the City's intention to create more affordable housing.

The Ward Councillor has been notified in accordance with policy.

RECOMMENDATIONS

1. That Section 3.2.C.v of the Declaration as Surplus and Sale of Property Policy, be waived.

2. That, subject to approval of Recommendation 1, the sale of City-Owned property located at 274 Amherst Street, identified as "Subject City Property" shown in Misc. Plan 15745/2 (attached hereto as Schedule A) to Habitat for Humanity Manitoba for a purchase price of $1.00 be approved.

3. That, subject to Habitat for Humanity Manitoba granting the City an option to purchase its lot at 385 Pacific Avenue for $1.00, the City enter into, execute and deliver an Offer to Purchase with Habitat for Humanity and such other agreements deemed necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to waive Section 3.2.C.v. of the Declaration as Surplus and Sale of Property Policy.

IMPLICATIONS OF THE RECOMMENDATIONS

The City's standard terms and conditions of sale will include provisions to protect the City's interests in the event that environmental contamination is discovered.

A sale of $1.00 will result in an opportunity cost of approximately $210,000.00 (i.e. appraised value of $235,000.00 less acquisition costs). The opportunity cost to the City could be reduced by approximately $50,000 (to $160,000) should the City execute the offer to purchase 385 Pacific Avenue for $1.00.

Despite the potential opportunity cost, the City's actual cost to acquire the Subject City Property was $22,813.70, plus minimal holding costs after the City took title. The $22,813.70 loss on sale will be absorbed in the Land Operating Reserve's unallocated equity and no budget adjustment is required.

HISTORY/DISCUSSION

The Subject City Property identified on Misc. Plan 15745/2 was acquired via Tax Sale (#123/90) on October 1, 2020 and is under the jurisdiction of Planning, Property and Development.

The Subject City Property was circulated to all City Departments and no civic need was identified. The Manager of Real Estate and Land Development declared the Subject City Property as surplus to the City's needs on June 21, 2021.

Habitat reached out to the Public Service seeking a lot that would meet the needs of the family they are working with as their existing inventory of lots were not suitable. Habitat's client needs an accessible house that is close to schools and could accommodate their unique transportation requirements. Habitat builds affordable homes for low income families with a unique mortgage model, allowing partner homeowners to purchase a home while maintaining costs at 27 percent of their net household incomes.

Based on its size and location, 274 Amherst Street is the preferred location to accommodate the family. A sale of $1.00 will allow Habitat to manage the build costs effectively for this family's home.
A direct sale to Habitat is authorized under Section 3.2.B.iii of the Declaration as Surplus and Sale of Property Policy - *"The Sale addresses the development of affordable housing as defined in Council-approved development policies and/or other Council policies"*. The Sale policy requires that below market sales to non-profits occur but the minimum purchase price must be the City's current inventory cost of the City Property. A waiver of this policy is recommended since the existing policy has resulted in limited sales for affordable housing. The Public Service recommends a sale for $1.00 to ensure the project is viable and completed.

The sale is contingent upon Habitat granting the City (or another affordable housing provider) an option to purchase Habitat's lot at 385 Pacific Avenue for $1.00. The City and Manitoba Housing and Renewal Corporation own lots adjacent to 385 Pacific and all three lots could be leveraged to support increased density. Habitat has agreed to the option to purchase, should a multi-family housing opportunity arise. An option for 385 Pacific (assessed at $50,000.00) is preferred as the property is best left in the hands of Habitat until the City receives a viable multi-family development proposal.

In accordance with the Real Estate Transaction Management Framework, the Public Service completed an appraisal of 274 Amherst Street to determine the opportunity cost of the sale. The appraisal indicated a market value of $235,000. The highest and best use of the appraisal is residential single-family based on its current zoning.

The opportunity cost of the $1.00 sale is approximately $210,000 and could be reduced by approximately $50,000 (to $160,000) should the City execute the offer to purchase 385 Pacific Avenue for $1.00.

The sale is considered to represent best value to the City as it supports 3.3 and 3.4 in the Strategic Priorities Action Plan. If the recommendations in this report are approved, the Public Service will enter into an Offer to Purchase with Habitat.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 6, 2024

Project Name:

First Year of Program

Proposed Sale of 274 Amherst Street

	2024	2025	2026	2027	2028
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 22,814	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 22,814	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	1	-	-	-	-
Net Budget Adjustment Required	$ 22,813	$ -	$ -	$ -	$ -

Additional Comments: Direct costs consist of the tax sale acquisition costs while revenue is the nominal $1 sale proceeds. There is also a net opportunity cost of $160,000 associated with the proposed sale. This is based on the estimated market value of the Amherst lot of $235,000 less acquisition costs and net of the $50,000 value of the lot on Pacific. For the purposes of this analysis, it is assumed that the assessed value of the Pacific lot is equivalent to market value. The $22,813 loss on sale will be absorbed in the Land Operating Reserve's unallocated equity. ***No budget adjustment is required.***

Mike McGinn May 6, 2024

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

Goal: Good Health and Well-Being
4.4 Affordable and Supportive Housing Options
Enable collaborative partnerships that provide a continuum of existing or new affordable housing, making use of municipal supports such as fiscal, regulatory and measurement tools to ensure those most in need have increased access throughout the resident and building life-cycle.

Goal:City Building
6.2 Complete Communities Characteristics
The characteristics of complete communities must be identified and defined in Complete Communities, and will include, at minimum, equitable access to: safety and security, affordable housing for all incomes, local employment opportunities, health-supportive amenities, access to nature, social interaction opportunities, sustainable transportation options, and digital communication technology infrastructure to align with this Plan's goals

The Subject City Property is located in a Mature Community as described in Complete Communities 2.0.

Goal 1
1.0 Encourage compatible residential development within Established Neighbourhoods to build more Complete Communities and align with the City's residential intensification target.

1.1 Encourage residential development that positively contributes to neighbourhood character while expanding housing options for residents in a manner that is sensitive and complementary to existing development.

Goal 3
3.0 Ensure all communities provide a diversity of housing options and meet resident life-cycle housing needs.

3.1 Encourage a variety of housing types and tenures within Established Neighbourhoods to meet life-cycle housing needs and affordability ranges.

3.2 Encourage a mix of types, tenures and unit sizes within residential developments. Make provisions for unit sizes that can accommodate varying family sizes and multi-generational households.

3.3 Increase the supply of affordable housing within Established Neighbourhoods in proximity to commercial amenities, recreational opportunities and frequent transit service.

3.4 Encourage development that incorporates affordable housing to locate close to the Primary Transit Network, rapid transit stations, and Urban Mixed Use Corridors

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity #4 – Land Use

4.1 Increase Strategic Infill Development That Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Poverty Reduction Strategy – Goal 2
"The City Actively Plans for and Partners in Affordable Housing"

The recommendations of this report align with the Winnipeg Poverty Reduction Strategy. It proposes that the Subject City Property be utilized as a resource to collaborate with an affordable housing provider for the purpose of fostering affordable housing development.

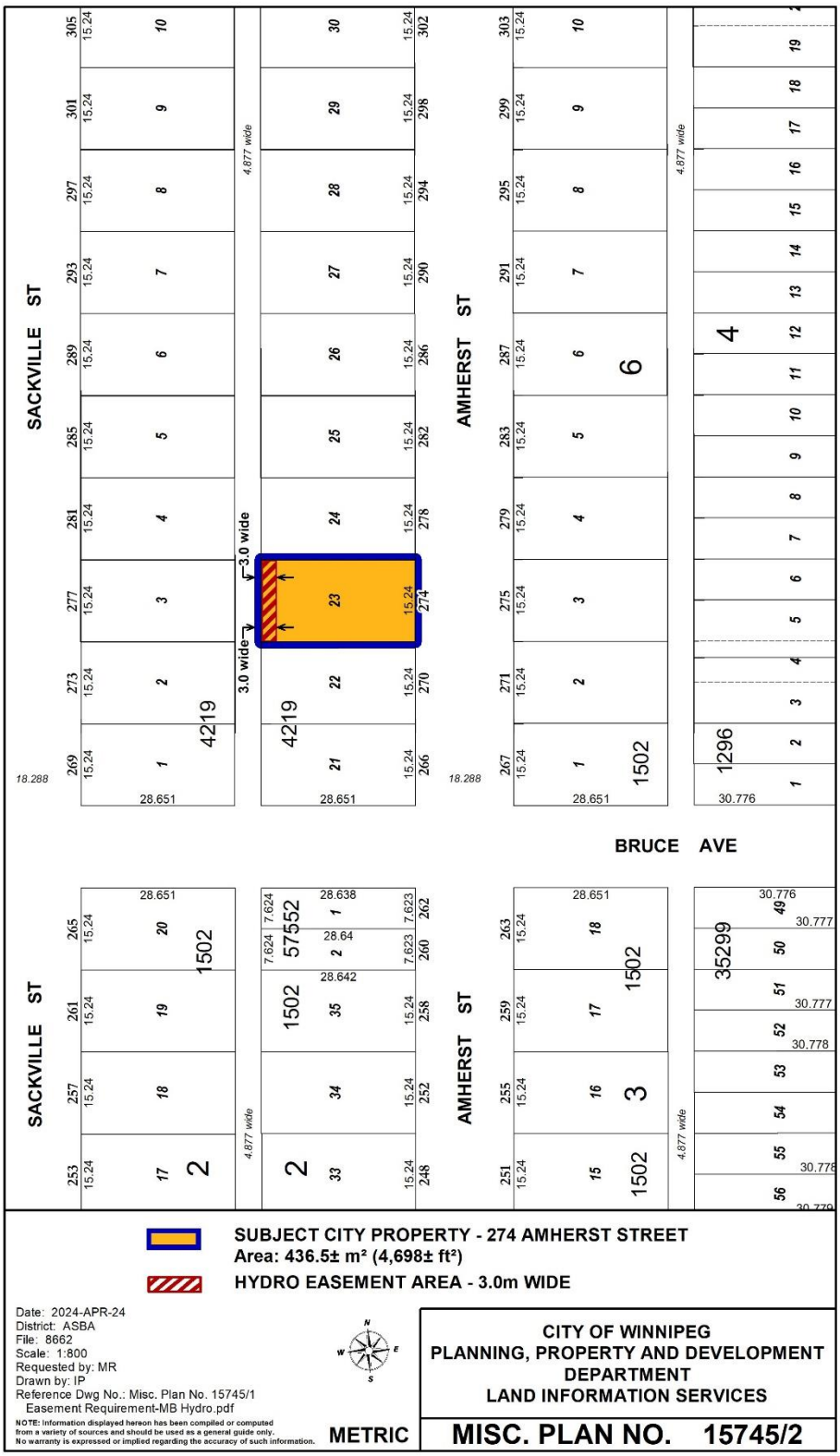
SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate
Prepared by: Michelle Robertson, Real Estate Officer
Date: May 7, 2024
File No: 8662

Attachment:

Schedule A – Misc. Plan 15745/2

Schedule A


SACKVILLE ST
AMHERST ST
BRUCE AVE
3.0 wide
4.877 wide
SUBJECT CITY PROPERTY - 274 AMHERST STREET
Area: 436.5± m² (4,698± ft²)
HYDRO EASEMENT AREA - 3.0m WIDE
Date: 2024-APR-24
District: ASBA
File: 8662
Scale: 1:800
Requested by: MR
Drawn by: IP
Reference Dwg No.: Misc. Plan No. 15745/1
Easement Requirement-MB Hydro.pdf
NOTE: Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.
METRIC
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION SERVICES
MISC. PLAN NO. 15745/2